

Improve Organizational Performance : "Fit Values" and "Hidden Values"

Dr. Farkas Ferenc – Yaniv, Eitan

farkas@ktk.pte.hu;

yanivei@zahav.net.il

Abstract: This paper examines the phenomena of concept “Fit Values and Hidden Values” – as a sufficient tool of organizational performance’s improvement. By the theoretical background has been illustrated the importance and relevance of this concept. The short examples show some practical issues and implementations for company practice.

Keywords: organizational value, organizational performance, learning organization, fit and hidden value

1. Introduction

A major question managements deal with is how to realize employees' contribution to the organization in terms of productivity , identification with and commitment to the organization's values and mission , willingness to do extra-work , etc .

This article examines two different approaches from the view point of exploitation of the employees' skills for the benefit of the organization . The first is the approach of "Fit Values" , known as Person-Organization Fit (POF) , i.e the realization of a congruence between individual's and organization's values ; called it also "The Sense of Mission"[1] . The second is the "Hidden Value" approach which claims that the benefit the organization may get from its employees is dependent on the management's ability to create appropriate systems and culture , without any regard to the question whether there is a congruence between the individual's and the organizational values[2] .

So , these two approaches present difference attitudes as to the way in which an organization has to go in order to enhance the contribution of its employees to its business performances . But , on the basis of examples of some organizations which actually implement these two approaches altogether , it can be concluded that a combination of the two can create a more powerful tool to increase

employees' productivity , their satisfaction and their organizational commitment and identification. The outcome is a better performance , reflected by a higher profitability and a more sustainable growth .

2 . "Fit Values"

Many researches about "fit values" were conducted during the last 10-15 years . Researchers [3], [4], [5], [6] showed that the congruence between employees' and organizational values , called Person-Organization Fit , has an impact on organizational commitment , employees' satisfaction , willingness to do extra-work , intention to leave , productivity and performance .

Some researchers proposed tools for measuring Person-Organization Fit . Some of them distinguished between subjective measures and objective measures ; Cable&deRui (2002) , for instance , proposed subjective measures through the question of how the fit between the personal and the organizational values is perceived by the employees . They suggested three phrases which the employees have to relate to :

- "The things I value in life are similar to the things my organization values" -"My personal values match the organizational values and culture" .
- "My organizational values and culture provide a good fit to the things I value in life" .

As far as objective measures are concerned , [7] proposed a tool named Organizational Culture Profile (OCP) . By containing a set of value statements, this instrument measures both the extent to which certain values characterize an organization and also the individuals' preferences of the same organizational values . The OCP is calculated on the basis of the correlation between the profile of organizational values and the profile of the individuals' preferences .

Kristof [8] called the subjective measures – direct measures , whereas she refers to the objective ones as indirect measures . She claimed that direct measures are more effective when perceived fit is concerned ; by perceived fit she meant the personal attitude of the employee of how he/she rates the fit between his/her own and his/her organizational values . Therefore a strong fit exists as long as it is perceived to exist , regardless of the question whether there is a similarity between the organizational and the individual's values , whereas objective or indirect fit relates to the compatibility of individuals with verifiable organizational characteristics ; thus it is necessary to measure the two levels in parallel .

According to Bretz&Judge [9] POF has to be examined in four perspectives . The first one is the degree to which individual knowledge , skills and abilities (KSAs) match job requirements ; the second perspective of POF is the degree of congruence between individual needs and organizational structures ; according to

the third perspective POF has been defined as the match between individuals' values and

organizational culture and values ; the fourth perspective is the individual personality and perceived organizational image .

Barrett [10] presented a model concerning what he called "Cultural Capital" which was defined as the "value attached to the collective mental programming (values , beliefs and behaviors) of the organization that supports its relationships with its employees , customers and society " . In order to measure cultural capital he developed an instrument - Corporate Transformation Tools – which maps the individual and organizational values in order to measure the degree of alignment of personal values , current culture values and desired culture values . Each employee is asked the following three questions :

- which of the following values and behaviors best represent who you are , not what you desire to become (personal values) .
- which of the following values and behaviors best represent how your organization operates (current culture values) .
- which of the following values and behaviors best represent for you an ideal , high performance organization (desired culture values) .

This model was based on the assumption that there is no major difference between the ways people and organization behave and act . People are motivated by their personality while organizations express themselves through culture , and what distinguishes among various personalities or different cultures are beliefs , behaviors and values . Barrett added that decisions taken by people and organizations are reflections of their personalities and culture , respectively , so when there is a fit between personal and organizational values there exists a values alignment .

With regard to the third definition by Bretz&Judge of POF as a match between individuals' values and organizational values , many researchers , as listed above , tried to assess the impact of POF on various outcomes , like : identification , commitment , intent to leave , behavior , willingness to do extra-work , productivity and performance . Chatman [11] , for instance , claimed that fit between organizational and personal values predicts satisfaction , commitment , turnover and performance , like O'Reilly et-al (2001) who determined that high POF brings to low turnover , high satisfaction , high commitment and high productivity , and Cable&DeRui who claimed that there is a strong relation between POF and the

employees' identification , behavior and their decision to stay ; if employees do not share the organization's values they will be less identified and less willing to do extra-work [12].

To sum up , Smith [13] discussed the question of "why values are important in organization?" . He emphasized the importance of values alignment in the organization by presenting lists of indications for values alignment and misalignment , i.e the alignment degree between the employees' values and the

organizational values. In the value alignment indications list he included : sustained profitability , increased trust , quality decisions , open internal communication , development of strategic alliances , adaptability to change and a focus on quality , safety and profit ; in the value misalignment indications list he included high level of stress , irritation and upset because of minor challenges , impulsive decisions , internal conflict , more fighting fires than managing , lack of trust and enthusiasm , high turnover and difficulty of sustaining growth and profitability .

3 . "Hidden Values"

The "right" people or the "right" organization ? In their book , "Hidden Value", O'Reilly&Pfeffer [14] discussed this question widely and deeply . They explained that every organization has to create managerial structures and internal culture (hidden values) in which employees can exploit their skills and abilities (hidden values too) best ; although it is essential to hire good people who fit the organization and to retain them , it is better to build an organization that knows how to get the maximum from its employees . The authors claimed that only 10% of the people would reach the top 10% in the organization ; that's why organizations have to decide whether to search for these unique talents or to build something that is more difficult to imitate , and that is an organization which enables its "ordinary" employees to act and produce outcomes as if they were the top 10% in the organization . The question is how to build such an organization , i.e how the "hidden values" can be developed in organizations and in people ?

The authors suggested the following steps to reach that goal :

- creating embedded and aligned values in the organization and thus establishing a strong culture .
- recruiting people who are ready to adopt these values .
- investing in people by training them , treating them as individuals, providing them opportunities for development and career and making them feel that the organization is committed to them .
- Widespread information sharing of financial data , operational data , company's future plan , etc .
- creating team-based systems by emphasizing the importance of collective responsibility ; teams give people a sense of belonging .
- compensation through fun , teamwork , challenge etc, not only through monetary incentives .
- leadership , not management . Leadership means assuring the organization's abilities to retain its culture and values .

In their book O'Reilly&Pfeffer presented some examples of organizations that succeeded to create cultures and management systems which enabled the employees to realize their talents and abilities , and thus creating a sustainable competitive advantage :

Southwest Airlines, whose CEO , Herb Kelleher , claimed that the most important assets are the intangible , i.e the unique culture and spirit of Southwest Airlines . The company is well known for its culture of togetherness and the strong identification of its employees with its values .

Cisco, whose CEO , John Chambers , also claimed that teamwork is the key to success and he , like Kelleher , expressed his difficulty of dismissing people .

The Men's Wearhouse , a leading off-price men's clothing chain ,whose CEO , George Zimmer, noted that his company is based on the human potentiality . The company makes enormous investments in developing and training people .

SAS Institute, a huge software company , whose CEO , Jim Goodnight , is proud that his company provides thirty-five-hour work weeks , enables health care free of charge to its employees , owns a private high school for the employees' children and community etc , and all this takes place in a business which is characterized by long

working hours and low employees' loyalty . He emphasized that if a company hires adults and treats them like adults , they will behave like adults .

AES, a leading power generation company , is well known for its decentralization policy (it has only 30 headquarters staff out of its 10,000 people) . The company's CEO , Dennis Bakke , agrees that profits are important but what is more important is the development of independent employees and minimum bureaucracy . It is well known that the relationships between AES's employees and management are highly unique .

The authors determined that these "people-centered" companies succeeded to unlock the "hidden value" in all of their people by "aligning their purposes with the spirit of their employees" .

They also emphasized that these organizations do not offer their employees work only but also community , respect , safety and mutual trust .

They concluded that the "hidden values" are not rare or unique but actually exist in every organization ; they are hidden in the minds and hearts of its employees . The mentioned above process is the means to unlock these "hidden values" .

To sum up the "hidden value" approach it seems that the "hidden value" of the organization is a precondition for the identification and development of the "hidden values" of its employees . The organization has to develop systems and culture in which the employees' "hidden values" can be developed too . The outcome is a better performance in financial and many other terms .

Other researchers also referred to the idea of developing organizational systems and cultures for the sake of a better exploitation of the people's abilities and skills . Therefore the following notions can also serve as means for revealing and developing the "hidden values" of people .

Senge in his article "Building Learning Organizations" claimed that there exists a "creative tension" between the organization's vision and what he called "the current reality" ; organizations that are motivated by their vision try to narrow that gap more by efforts for a realization of their vision than by compromising over it ; he called it

generative learning"[15] . Another researcher, Garvin, focused mainly on the managerial aspect of the learning organization ; he suggested that the learning organization concept is composed of 3Ms – meaning , management and measurement and also stated that the learning process in the organization has to be proactive and controlled [16].

The notion of the learning organization turned to be one of the leading perspectives that deals with the ways and means to achieve better exploitation of the employees' abilities and skills for the organization's benefit . According to this concept, organizations must encourage creativity , conflicts and willingness to face paradigms and unconventional ideas which all might turn to be the basis for establishing organizational and cultural infrastructure that would lead to generative thinking and continuous learning. Learning is a major tool by which organizations can cope better with today's rapid environmental changes . This means that the improvement in the competitive position of the organization depends mainly on its staff .

In this context Stacey presented the notion of "Self Organization" [17]. This concept focuses on the idea that one must look at every employee in the organization as an autonomic identity with the possibility to make his own decisions . The more independence the employee has , regarding thinking and decision making , the better his performance will be . Moreover , greater independence given to the employees means less burden on the central management and the result will be improved ability of the management to cope with the changing threats and opportunities in the environment .

4."Fit Values" and "Hidden Values" – contradiction or complement?

Each of these two approaches has different starting point as to the question of what the organization's management should do in order to exploit better the employees' abilities and skills , to get better organizational performance .

The main difference between these two approaches is that the "fit values" approach deals mainly with the encouragement of the employees' organizational

commitment and identification and other "soft" factors through the notion of individual and organizational values fit , while the "hidden values" approach focuses more on the whole organizational structures as a platform for revealing the employees' abilities

and competences . So it seems that the "fit values" approach provides the "raw materials" while the "hidden values" approach – the "process" .

Although the starting points are different , using these two concepts simultaneously is preferable because they do not come at the expense of each other but on the contrary , they complement each other . Each of these two approaches deals with quite different aspects ; the "fit values" approach deals with recruitment while the "hidden values" approach deals with the internal managerial principles , so a complement between the "raw material" aspect and the "process" aspect is rather required in such a case .

A typical example of a successful integration between these two approaches is the organizational culture which has been built in Southwest Airlines mentioned above . They [18] claimed that what differentiates SWA from other airlines companies is the unique spirit which has been developed in this company during the years . The "spiritual values" that have been built in SWA have a major contribution to 30 years period of a high business performance . Milliman et-al examined the way the "spiritual values" have been spread throughout the company and how they influenced its employees , its customers and its financial outcomes . SWA's spiritual values are : Openness , friendliness , joy ("work is home and home is work" , according to Herb Kelleher ,CEO) . humor , teamwork , empowerment , family sense , an employee as a human being , "take your work seriously – but not yourself" , etc . The company gives priority to the fit of the applicants' values to its values (Person-Organization Fit) rather than their technical abilities . In order to test new applicants the company executes group interviews where the applicants' individual behavior is examined , especially their abilities to be friendly , to tell jokes, to demonstrate teamwork etc . Once a new applicant is hired he undergoes a long training process including meetings with customers and senior managers in order to embed the company's spirit and culture . In this way SWA develops its own "hidden value" by which it can discover and develop the "hidden values" of its employees ; as a result its employees identify completely with its values and mission , act with open minds and execute a unique spirit of customer service , both externally and internally .

It can be therefore concluded that in SWA both approaches reviewed in this article are being taken care of and that's why SWA has an outstanding performance in relation to other airlines companies .

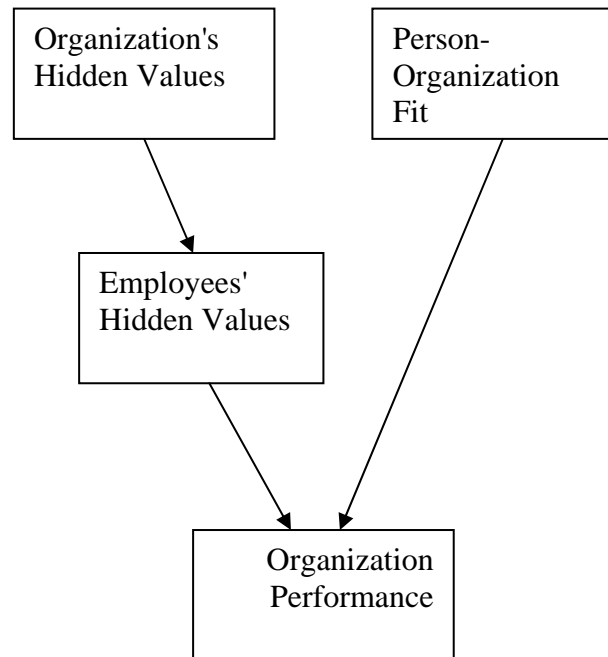
5 . Conclusion

The approaches of "fit values" and "hidden values" present two different attitudes regarding the means to achieve sustained growth and profitability through the improvement of the organization's capabilities to cope better with the environmental rapid changes .

The "fit values" approach focuses on the human resource , as a "raw material", while the approach of "hidden values" refers mainly to the "process" in which the "raw materials" are being processed . Therefore it seems that the "fit values" approach is a necessary precondition but not enough on its own for achieving the organization's goals ; as a "raw material" it has to be "processed" by developing the "hidden value" of the organization , i.e its culture and structures , which might bring to maximum productivity , commitment and identification levels of its employees through the development of their hidden values too .

A combination of these two approaches will create a unified , interactive and lively organization which can easily cope with the environmental changes in order to maintain sustainable growth and profitability (Exhibit 1) . SWA's case proves that it is possible .

Exhibit 1



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